



September 8, 2023

Leslie Jones, President/Business Manager
Bakery, Confectionery and Tobacco Workers Union
Local 118
9602 Martin Luther King Jr Highway, Suite B
Lanham, MD 20706

Case Number: 450-6026098()
LM Number: 033-393

Dear Mr. Jones:

This office has recently completed an audit of Bakery, Confectionery and Tobacco Workers Union (BCT) Local 118 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you and Secretary-Treasurer Jose Villalta on September 5, 2023, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 118's 2021 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 118 did not require officers and employees to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to officers

and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

In addition, Local 118 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Mileage Expenses

Local 118 officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them. The union must maintain records which identify the dates of travel, locations traveled to and from, and the number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. General Expenses

Local 118 did not retain adequate documentation for some expenses for official business. For example, Local 118 failed to maintain the itemized receipt for a rental car on union travel.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

4. Disposition of Property

Local 118 purchased gift cards and gave them to members. However, there was nothing in the union records to indicate who received the gift cards. The union must record in at least one record the names of the recipients of the gift cards and the date they received them.

Based on your assurance that Local 118 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The

Labor Organization Annual Report, Form LM-2, filed by Local 118 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Disbursements to Officers

Local 118 did not include some reimbursements to officers in Schedule 11 (All Officers and Disbursements to Officers). Some of these reimbursements should have been reported in Schedule 11, Column E (Allowances Disbursed) and others in Schedule 11, Column F (Disbursements for Official Business).

The union must report in Column E of Schedule 11 (Allowances Disbursed) the total allowances made by direct and indirect disbursements to each officer on a daily, weekly, monthly, or other periodic basis. The union must report in Column F of Schedule 11 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedule 11 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedule 11 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Failure to Accurately Report Receipts

Local 118 failed to accurately report receipts in Item 48 (Other Receipts). The audit revealed that the local received rebates from two vendors during the fiscal year, but these amounts were not reported in Item 48. All money received by the union during the fiscal year which does not conform to one of the categories in Items 36 through 47 of the LM-2 report must be reported in Item 48 (Other Receipts).

3. Failure to Report Loss of Funds

Local 118 answered “No” to Question 13 “During the reporting period did the labor organization discover any loss or shortage of funds or other assets? (Answer “Yes” even if there has been repayment or recovery.)” However, the audit revealed that an outside party fraudulently converted several union checks during the fiscal year. This question therefore should have been answered “Yes” and additional information provided in Item 69.

4. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes

changes to its constitution or bylaws. Local 118 amended its constitution and bylaws in 2012 but did not file a copy with its LM report for that year.

As agreed, Local 118 will file a copy of its current constitution and bylaws with OLMS via the Electronic Forms System (EFS) as soon as possible but not later than September 29, 2023.

Local 118 must file an amended Form LM-2 for the fiscal year ended December 31, 2021, to correct the deficient items discussed above. The report must be filed electronically using the EFS available at the OLMS website at www.olms.dol.gov. The amended Form LM-2 must be filed no later than September 29, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violation

The audit disclosed the following other violation:

Officer Salaries

The gross salary amounts paid to some officers during the fiscal year were more than the amounts listed in the union's bylaws. The audit revealed that the salary amounts in the bylaws were increased by the executive board in 2018. However, the union must adhere to the salary amounts listed in the bylaws. If the union wants to change the salary amounts, it must follow the procedures for amending its bylaws.

I want to extend my personal appreciation to Bakery Workers Local 118 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator